



JENNIFER M. GRANHOLM
GOVERNOR


STATE OF MICHIGAN
OFFICE OF THE STATE BUDGET
LANSING

MARY A. LANNOYE
DIRECTOR

October 17, 2005

MEMORANDUM

TO: Finance and Administrative Officers, and Chief Accountants
All State Agencies

FROM: Ed Dettling 
Payroll & Tax Reporting Division
Office of Financial Management

SUBJECT: Backup Withholding on Vendor Payments

Attached is an updated list of the active vendors/payees for which the State must impose backup withholding at a rate of 28% on 1099 reportable payments. The Internal Revenue Service requires backup withholding because the vendors/payees have not responded to "B notices" mailed to them.

We will discontinue backup withholding if the vendor/payee certifies their correct name/Taxpayer Identification Number (TIN) as instructed in the "B notice". We are precluded by IRS regulations from refunding amounts withheld prior to certifying the name/TIN. However, the vendor/payee can take credit for the withholding when they file their tax return.

Agencies may receive questions from vendors/payees regarding backup withholding. To assist you in answering questions from vendors, we have attached sample "B notices" (first and second) and a list of common questions and answers regarding backup withholding.

Also, there are a group of vendors included on this list that may have activated backup withholding in error while registering electronically. We are researching these occurrences and will update the list of the active vendors/payees for which the State must impose backup withholding accordingly in the near future.

Backup Withholding on Vendor Payments

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Agencies can identify vendors subject to backup withholding by checking the backup withholding indicator on the ADPICS 5200 screen (Vendor Table Maintenance).

If you have any questions regarding this memo, please contact me at (517) 335-7269.

Attachments

**cc: M. Moody
R. Mealy
L. Mester
D. Ringler
J. Paxton**

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VENDORS SUBJECT TO BACKUP WITHHOLDING

1741 COC	BILL KEEGAN
190 WASHINGTON ASSOCIATES	BOB HERD
1ST AGENCY PROFESSIONALS	FOR CARE
701 PEARL ST LLC	BRANDON OSBORN
A-1 BUILDING SERVICES, LLC	BRENDA FAYE CHAVIS
AALPINE DENTAL GROUP	BRENDA JO WAGNER
AAMR	BRENDA WEKWERT
ACCESS INDUSTRIES INC	IMPROVEMENT
ADAM WOOD	BROADSTREET APARTMENTS
SERVICES	BROOKFIELD APTS
ALBERT WHYTE III	BROOKINS TRANSPORTATION
ALI J ELBAST	BROOKVIEW APTS
ALICE SALU	BROWER COMMONS LIMITED PARTNERSHIP
ALLEN PARK PHARMACY	BRUCE E MATTHEWS
ALLIED CONSULTATION SERVICES	C & L INVESTMENTS
ALYSIA SAMPSON	C C RIDERS INC
AMELIA L SHELTON	CARDCASH SYSTEMS
AMERICAN BEAUTY & BARBER SUPPLY	CARLA D WHITE
AMERICAN LEGION POST 54	CAROLINA HOLDINGS MIDWEST LLC
AMERICINN MOTEL AND SUITES	CAROLYN NELSON
AMS MANAGEMENT LLC	CASSANDRA SIMS
ANAKIN INVESTMENT STRATEGIES	CATHOLIC HEALTHCARE WEST
ANGELIQUE M SHAKESPEARE	CDC WONDERLAND PROPERTY TRUST
ANGELLA MCFERRIN	DECLARATION
ANITA LILLIAN SALINAZ	CECIL A MEDINA
ANTHONY CARTER	CEDAR STREET ANIMAL HOSPITAL
ANTHONY COSTELLO	CELEBRITY CAR WASH
ARABIAN HORSE TROOP	CENTER OF WOMENS HEALTH
ARKAN ESHO	CENTER SERVICE
ARLENE R SWEETZER	CENTRAL BIBLE COLLEGE
ASM EDUCATION SERVICE	CENTURY 21 ARBOR HERITAGE
AUTO DIRECT INC	CHARLES WHITE JR
AUTO VALUE SERVICE CENTER	CHARLTON A SQUARE LLC
B & D JONES INVESTMENTS LLC	CHESTERFIELD CAB
BARBARA E SISSON	CHRIS W MORGAN
BATTLE CREEK FARMERS MKT	CHURCH OF GOD
BEAN JIM	CLARENCE KING
BEAR COLLISION	CLEVELAND CLARK
BERNETTA HANKINS	CLEVELAND POWELL
BESSIE GULLEY	C-ME BEAUTY & BARBER SUPPLY
BETTIE J ROBERTSON	COKOMA WILLIAMS
BETTY JANE HEPLER	COLE CHRYSLER JEEP DODGE
BEVERLY GORDON	COMPLETELY CLEAN
BIG DADDYS MOTOWN	COSBY INSURANCE AGENCY

VENDORS SUBJECT TO BACKUP WITHHOLDING

COUNTRY AUTO PLAZA
CRAIG TAYLOR HOLYWAY
CRICKETT STABLE
D J'S CLEANING SERVICE
D R Y INVESTMENTS INC
DABNEY BILL
DAN FOSTER
DANIEL GABRIEL
DARCY KING
DARIN GABRIEL
DASHAWN RICHARDSON
DEBORAH A NORTON
DEES PROCESSING
DELORES GAVIN
DENISE PRESLEY
DENTAL ARTS CO
DENTAL CARE INSTITUTE PC
DETROIT OSTEOPATHIC HOSPITAL
DIVERSITY RESOURCE CONSULTANTS DNCI
DLI COMPUTERS
DOMINIQUE L LAVENDER
DONS MODERN CAR WASH
DOUGLAS ASHLEY
DOWNTOWN MOBIL SERVICE INC
DP TWO LLC
DRUG EMPORIUM
DT MGMT INC MA LTD PARTNERSHIP
DUKE UNIVERSITY MEDICAL CENTER
E & B INVESTMENTS
E & F TRANSPORTATION SERVICE
EAST WARREN DENTAL ASSOCIATES
EASTERN HIGHLANDS
EDDIE HICKS
ELIZABETH JOHNSON
ELOISE CONERLY
EMERGENCY PREPAREDNESS CONSULTANTS
ENCORE CATERING
ENLACE SERVICES
EQUITY RESIDENTIAL PROPERTIES
ERWINS CUSTOM SPORTS
ESI PROPERTY MANAGEMENT
ESTATE OF MARGARET MOAK
ESTHER R M CALLAWAY
EVA C BOND

FAMILY FOOT CARE OF LINCOLN PARK
HEARTLAND FLCA
FAST TRACK TRANSPORTATION
FMC DIALYSIS SVCS - EAST DETROIT
FRAN MARSHALL
FRANCIS MARCUS
FRANKLIN MILL APARTMENTS
G & W INVESTMENT PROPERTY
G FRANKLIN
G M & ASSOCIATES
GARDEN LANES
GASPER GRIMALDI
GERALD BATCHELOR
GET DAIRY
GILLERSON DAVID
GISSTENNAR MOBILE AUTO WASH
GLOBAL UNION CASUALTY INSURANCE COMPANY
GLOBE APARTMENTS
GRACE LUTHERAN CHURCH
GRATIOT USED CARS
GREAT LAKES CHARTER TRAINING
GREEN LAW OFFICE
GREGS TREE SERVICE
GTS PROPERTY MGT LLC
GUESTHOUSE HOTEL & SUITES
GULLVIEW APARTMENTS
H & S PROPERTIES
HANI SAEED
HARRISON DUNCAN
HAYVAR APARTMENTS
HAYWOOD HAMPTON
FORUM
HEL CAT INVESTMENTS
HELEN RENEE DENIS
HENRY BREWER
HOLIDAY INN EXPRESS & SUITES
HOWARD TRAMMELL
IDENTIFICATION RESOURCES
INTERNATIONAL CORRESPONDENCE SCH
IRA WASHINGTON
J & M INVESTMENT COMPANY
J & M RENTAL LLC
J AND P ASSOCIATES
J ARTHUR SANDERS

VENDORS SUBJECT TO BACKUP WITHHOLDING

J C WHITNEY
JACALYN SPECKIN
JACQUELINE MAJORS
JAMES BANOS
JAMES BRIDGEWATER
JAMES SMITH
JAMIE SUE SAYLOR-SANFORD
JAS ASSOCIATES LLC
JASAR DIGITAL COMPUTER REPAIR
JEANETTE HELEN HOSEY
JEANETTE JOHNSON
JENNIFER MARIE ALBEANESE
JESUS ANDUJAR CORREA
JFCO LLC
JOEL V SOULE ATTORNEY
JOHN ALDRIDGE
JOHN BUTLER
JUDY FLUETTE
JOHN HUPP & ASSOCIATES INC
JOHN WALMA
JOSEPH GIAMBRA
JOSH BECKETT
JOYCE FARTHING
JULIA HILLMAN
JULIE M RIBAUDO
KARAS HOUSE
KAREN M NAPLES
KATHERINE PARKS
KATHRYN CHIPMAN
KATHRYN E LYCOS
KATHRYN WASHINGTON
KENDALL PLACE
KERRIGAN CONSTRUCTION
KERRY WIESNER
KERYL MCCORD
KEVIN VAUGHN
KIM A PANETTA
KIM M SIEWERT
KOLASSA EXCAVATING
KRESGE EYE ASSOCIATES
KRIS CARLSON
KYLE BAKER
LAKEVIEW DENTAL CLINIC
LARSON OLAF

LASHAWN GILLYARD
LATONYA GRAY
LATRISH HOOTEN
LAVORSE BENMARK
LEE M WELCH
LILLIE BALLARD
LJ POLE BUILDINGS
LOGIMEDIX
LORRAINE CAB COMPANY
LUIGI PRINCIPE & DAVID LAURA
LUYENDYK & ASSOCIATES PC
M P A GROUP LTD
MARGARET YELLAND
MARTHA A MILLS
MARY JILL WEINGER
MARY LATTA
MAUDESTINE BETH WASHINGTON
MEADOWS AT ANCHOR BAY
MEDBILL-BILLING CO FOR
MED-PEDS CENTER
MERRI SUDDUTH
METRO DIAGNOSTIC TESTING
METRON INTEGRATED HEALTH SYSTEMS
MICHAEL B WILLIS
MICHIANA SEAMLESS GUTTER
COUNCIL
MICHIGAN JOINT FIRE SERVICE COUNCIL
MID MICHIGAN IDENTIFICATION
MID-MICHIGAN REG DIALYSIS CENTER
MIDWEST PROPERTY MGMT
MIKE SHEPHERD
MODERN MEDICAL CLINIC
MONICA HARRIS
NANCY NICHEL
NAPGA CONFERENCE
NEWBERRY SQUARE
NICHOLAU R HALL
NICOLE HENDERSON
NIDI D BELL
NOLEN LOWE
O N N A T S INC
OLSONS RENTAL
OOMM STUDIOS
ORCHARD GROVE EXTENDED CARE

VENDORS SUBJECT TO BACKUP WITHHOLDING

OSCAR BOBO JR
OUTDOOR VENTURES TAXIDERM
PANAMETRICS - NDT
PARIS MOTEL
PARTNERS COLLISION
PAULETTE I KIEFFER
PEARLE VISION, INC.
PETRIE STORES CORP
PHARMACORR LLC
PLANET MICRO
POMPANO'S SEAFOOD GRILL
PRESCRIPTION SHOPPE
PUBLIC SAFETY SYSTEMS INC
QUICK & READY
R.I.CHAPTER IAPES
RALPH H POLZIN
REDFORD MANOR NORTH
RHINO ENTERPRISES
RILEY HEALTH PHYSICIANS
RITA M CURRIE
RL & DG INVESTMENTS LLC
ROBERT J MARTIN
ROBERT J RICHARDS
ROBERT THORNE
ROBIN WILSON
ROBLYN PROPERTIES LLC
ROGER WEINERT
ROMULUS SUPER 8 MOTEL
RONNIE KEMP
ROXANNE DUNCAN
RUBEN VILLALOBOS
RUTH HAMPTON
RYAN F HEALEY
S & G ACTION T'S
S P O R T S
SAM JACKSON SEPTIC
SANDRA HOOTEN
SANDY SHORE APTS
SARAH J MCINTYRE
SCHOLL PROPERTIES LLC
SCHOOL DRIVE SQUARE
LLC
SHERI MARCH
SHOPPENAGONS INN

SKIPS PHARMACY
SOUTH BLVD MGMT CO
SPECIALTY PROPERTIES
SQUIGGLE ENTERPRISES LLC
STARZ ACADEMY
STEVE PRINCE
STEVE RENO
STEVEN B SILVERMAN MD
STEVEN PAULEY
STEVES STANDARD SERVICE
STONE CREEK APARTMENTS
STRAIGHT AHEAD
SUE SHARP
SUNNYSIDE HOG FARM
SUSAN K MCCLLOUD
SUZANNE L KINSEY
T L C HOME CARE SERVICES
T SPECK
TANGLEWOOD RESTAURANT
TENNESSEE STATE UNIVERSITY
TERESA BRODNIEWICZ
TERMAINE J JOHNSON
TERRANCE HEARD
TERRENCE HOSKINS
THE BOARDWALK APTS
THE COMMUNITY COALITION
THE FOURMIDABLE GROUP MGMT
THE HOUSE OF HOPE FOR MEN
THE LANDING
THE REAL ESTATE GROUP
THERESA BROWN
TIMOTHY B NELSON
TINA M PILARSKI
TONYA S WILLIAMS
TOP VALUE MUFFLER SHOPS
TPG ESSEX HOUSE APARTMENTS
TRACI ELIZABETH MONDRELLA
TRACY BAKER
TRAVELODGE HOTEL AND CONFERENCE CENTER
TRI STAR MOBILITIES
TRISTA CORTES
TYRONE C HULLINGER
UNION BANK, N.A.
UP FLATLANDER TECHNICAL SERVICES

VENDORS SUBJECT TO BACKUP WITHHOLDING

V A MEDICAL CENTER
VALLEY HILLS PROPERTIES LLC
VALUCORP INC
VAN BERDEN CO
VAUGHN TOLL
VERNETTA J SESSION
VINES LARNZA
VIVIAN JOHNSON
W STANTON JUDD

WALTER MARTIN CONST CO
WEE CARE CHILDRENS CENTER
WEST SIDE AUTO REPAIR
WESTPARK APTS
WILLIE L WILSON MA
WRIGHT TOOL INTERNATIONAL
YAHWEHS YOOPERS
YOLONDA SIMMONS
ZOE TRANSPORTATION

First B Notice

IMPORTANT TAX NOTICE ACTION IS REQUIRED

Backup Withholding Warning!

We need a Form W-9 from you by the date shown below. Otherwise, backup withholding will automatically begin on payments made after that date.

Date: November 15th, 2005

Current Name on Account: «VENDOR_NAME»

Current TIN on Account: «VENDOR_ID»

The Internal Revenue Service (IRS) has notified us that the taxpayer identification number (TIN) on your account with us does not match their records. The IRS considers a TIN as incorrect if either the name or number shown on an account does not match a name and number combination in their files or the files of the Social Security Administration (SSA). If you do not take appropriate action to help us correct this problem before the date shown above, the law requires us to withhold 28 percent of the interest, dividends, and certain other payments that we make to your account. This is called backup withholding.

In addition to backup withholding, you may be subject to a \$50 penalty by the IRS for failing to give us your correct Name/TIN combination.

This notice tells you how to help us make your account records accurate and how to avoid backup withholding and the penalty.

Why Your TIN May Be Considered As Incorrect.

An individual's TIN is his or her social security number (SSN). Often a TIN does not match IRS records because a name has changed through marriage, divorce, adoption, etc., and the change has not been reported to SSA, so it has not been recorded in SSA's files.

Sometimes an account or transaction may not contain the correct SSN of the actual owner. For example, an account in a child's name may reflect a parent's SSN. (An account should be in the name and SSN of the actual owner.)

What You Need To Do.

Individuals

If you have never been assigned a social security number (or if you lost your social security card and do not know your SSN):

Call your local SSA office and find out how to obtain an original (or a replacement) social security card. Then apply for it.

If you already have a social security number: Compare the name and SSN on your account with us (shown at the beginning of this notice) with the name and SSN shown on your social security card. Then use the chart on the next page to decide what action to take.

IF-

1. The last name and SSN on your account agree with the last name and SSN on your social security card
2. The SSN on your account is different from the SSN on your social security card, but the last name is the same

The last name on your account is different from the last name on your social security card, but the SSN is the same on both

4. Both the last name and SSN on your account are different from the information on your social security card

Then-

1. Contact your local SSA office to ascertain whether the information on SSA's records is different from that on your social security card, and to resolve any problem. Also, put your name and SSN on the enclosed Form W-9 following the instructions on the form. Sign the Form W-9 and send it to us.
2. Put your name and SSN, as shown on your social security card, on the enclosed Form W-9, following the instructions on the form, sign it, and send it to us. You do not need to contact SSA.
3. Take *one* of the following steps (but not both):
 - (a) If the last name on your *account* is correct, contact SSA to correct the name on your social security card. Put your SSN and name shown on your account on the enclosed Form W-9 following the instructions on the form, sign it, and send to us. However, if you are not able to contact SSA at this time, you can provide us with both last names. Put your SSN and the name shown on your social security card plus the last name shown on your account (in that order) on the enclosed Form W-9 following the instructions on the form, sign it, and return it to us. For example, if your social security card lists your maiden name, give us your SSN and your name in the following order: First/maiden/married name. Please note, however, that you should contact SSA as soon as possible so they can correct their records.
 - (b) If the last name on your *social security card* is correct, put that name and your SSN on the enclosed Form W-9 following the instructions on the form. Sign it, and return to us. You do not need to contact SSA.
4.
 - (a) If the last name and SSN on your social security card are correct, put that name and SSN on the enclosed Form W-9 following the instructions on the form. Sign it, and send it to us. You do not need to contact SSA.
 - (b) If the last name on your account and the SSN on your social security card are correct, follow the procedure in section 3(a) above. Be sure to put the name shown on your account and the name on your social security card on the form W-9.

Once you have resolved what your correct name and TIN combination is, you must provide this information to us (and all your other payers) for all of your accounts to avoid a problem in the future. If you are required to visit a SSA office, take this notice, your social security card, and any other related documents with you. *Before you go*, you should call SSA so that they can explain what other documents you may need to bring.

Instructions for Non-individuals and Certain Sole Proprietors

For most ***Non-individuals*** (such as trusts, estates, partnerships, and similar entities), the TIN is the employer identification number (EIN). The EIN on your account may be incorrect because it does not contain the number of the *actual* owner of the account. For example, an account of an investment club or bowling league should reflect the organization's own EIN and name, rather than the SSN of a member. Please put the name and EIN on the enclosed Form W-9, sign it, and send it to us.

A ***sole proprietor*** must furnish his or her individual name and either his or her SSN or the EIN for his or her sole proprietorship. In addition to his or her individual name, the sole proprietor may also furnish the business name for the sole proprietorship, provided his or her individual name is listed before the business name. A sole proprietor is not permitted to furnish only the business name. Please put the individual name and SSN or EIN on the enclosed Form W-9, sign it, and return it to us.

Important Reminder!

YOU MUST SEND US A SIGNED IRS FORM W-9 BY THE DATE OF THIS NOTICE even if the name and number (SSN or EIN) on your account with us match the name and number (SSN or EIN) on your social security card or the document issuing you an EIN. If we do not receive your Form W-9 by the date of this notice, we are required by law to withhold 28 percent from any reportable payment that we pay to your account until we receive the necessary documents. A Form W-9 is enclosed for your convenience.

Second B Notice

IMPORTANT TAX NOTICE ACTION IS REQUIRED

Second Backup Withholding Warning!

YOU MUST HAVE THE IRS OR SSA VALIDATE YOUR TAXPAYER IDENTIFICATION NUMBER AND RETURN IT TO US BEFORE THE DATE SHOWN BELOW

Date: November 15, 2005. Otherwise, backup withholding will begin.

Current Name on Account: «VENDOR_NAME»

Current TIN on Account: «VENDOR_TIN (SSN or FEIN)»

We have received notice from the Internal Revenue Service (IRS) twice within 3 years stating that the combination of the name and taxpayer identification number (name/TIN combination) with us is incorrect. (Your current name and current taxpayer identification number (TIN) on our file are shown above.) A name/TIN combination is incorrect if it does not match a name/TIN combination shown on the records of the Social Security Administration (SSA) or the IRS.

You should follow the instructions below to correct this problem and send, or have sent, the corrected information to us before the date shown above. If we do not have the correct information before that date, the law requires us to withhold on interest, dividends, and certain other payments that we make to you. The backup-withholding rate is: 28%.

Section 3406 of the Internal Revenue Code requires that we withhold 28 percent in tax, called backup withholding, when you do not give us your correct name/TIN combination. Because of the notices we received from the IRS, we are now required to disregard any future name/TIN combinations you furnish us for payments (whether or not you certify your TIN under penalties of perjury) unless SSA (or, in the case of an incorrect employer identification number, the IRS) validates your name/TIN combination. Also the IRS may charge you a \$50 penalty for failing to provide us with your correct name/TIN combination.

What You Need To Do.

Follow the instructions below to correct your account record to avoid backup withholding on your account (or to stop it once it has begun) and to avoid the penalty.

Individuals/Instructions for Incorrect Social Security Numbers

If the incorrect TIN you furnished us is a social security number, you must:.

1. Contact your local SSA office by telephone and ask what you need to do to correct the problem for backup withholding tax purposes;
2. Give a copy of this notice to the SSA; and
3. Request and authorize the SSA to send FORM SSA-7028, Notice to Third Party of Social Security Number Assignment, directly to us at
The State of Michigan, Department of Management and Budget, Office of Financial Management, Vendor Registration, P O Box 30026, Lansing, MI, 48909, with a copy of this notice attached.

Non-individuals or Certain Sole Proprietors

Instructions for Incorrect Employer Identification Numbers

If the incorrect TIN you furnished is an employer identification number, you must:

1. Write the Internal Revenue Service Center (Attn. Entity Section) where you file your income tax return, and ask the IRS to *send you* a Letter 147C;
2. Enclose a copy of this notice in your letter to the Internal Revenue Service Center; and

When the IRS sends you the Letter 147C, send it to us at the State of Michigan, Department of Management and Budget, Office of Financial Management, Vendor Registration, P O Box 30026, Lansing, MI, 48909, with a copy of this notice attached.

Backup Withholding Questions and Answers

What is a B Notice? A B Notice is a notice from the IRS to a payer notifying the payer that the name, taxpayer identification number (TIN), or name/TIN combination provided by the payee has been determined to be incorrect. It also refers to the notice the payer is required to send the payee after such notification by the IRS.

What is the difference between a First B Notice and a Second B Notice? A First B Notice is issued if the payee has not received any other B Notices within the last three calendar years. When a payee receives a first B Notice, it must provide the payer a signed W-9 form certifying their correct name/TIN combination.

A second B Notice is issued if the payee has received a prior B Notice within the last three calendar years. If a payee receives a second B Notice and the incorrect TIN is a social security number, it must certify its correct name/TIN combination by requesting that the Social Security Administration forward Form SSA-7028 to the payer. If the incorrect TIN is an employer identification number, the payee must obtain Letter 147C from the IRS and forward a copy to the payer.

What is backup withholding? The withholding of 28% from certain types of payments (usually 1099 reportable) made in the course of one's trade or business when the payee fails to certify its correct name/TIN combination as instructed in the B Notice.

How can vendors/payees subject to backup withholding be identified? Vendors/payees subject to backup withholding will have a "Y" in the backup withholding indicator on the ADPICS 5200 screen (Vendor Table Maintenance).

What types of payments are subject to backup withholding? Generally, any 1099 reportable payments are subject to backup withholding. Examples include:

- 1) Fees, commissions, or other forms of payments for services rendered by persons not treated as your employees.
- 2) Prizes, awards, or other payments that are not for services rendered or direct sales of \$5,000 or more of consumer products for resale.
- 3) Payments for royalties or for rents other than rent payments to real estate agents.
- 4) Payments to physicians or other suppliers or providers of health care services in connection with medical assistance programs or health, accident, and sickness insurance programs.
- 5) Interest reported on Form 1099-INT.

To determine if a comptroller object is 1099 reportable, agencies can inquire on the D10 profile in R STARS. An "N" in the 1099 indicator field indicates that payments made using that comptroller object would not be reported on a 1099 statement. A number in the 1099 indicator field indicates that payments made using that object are 1099 reportable.

When can backup withholding stop? When a payee certifies its correct name/TIN combination as instructed in the B Notice. Amounts that were previously withheld cannot be refunded. These amounts will be reported on the 1099-MISC or 1099-INT statement for that year. The payee will get credit for the withholding, the same as employees get credit for the taxes withheld from their paychecks.

How does the State of Michigan comply with the rules relating to B Notices and backup withholding?

The Office of Financial Management (OFM) periodically receives notice of invalid TIN's from the IRS. Within 15 days of the date of the notice from the IRS, OFM sends a letter, accompanied by a B Notice (samples of first and second notices attached), notifying the vendor/payee that a name/TIN error has been identified and providing instructions regarding required actions to prevent backup withholding on future payments. If the vendor/payee does not respond within 30 days, OFM sets the backup withholding indicator on the ADPICS 5200 screen to "Y". Any future payments made to that vendor number with comptroller objects that are 1099 reportable will have 28% withheld as backup withholding. The amounts withheld are remitted to the IRS and reported on the 1099 issued for that calendar year to that TIN. Backup withholding will continue until the vendor/payee certifies its correct name/TIN combination as instructed in the B Notice.